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3) Poll: 74 PERCENT approve Japan's consent to anti-cluster treaty

MAINICHI (Page 2) (Full)
June 19, 2008

Unexploded ordnance (UXO) from cluster bombs has been causing serious damage. The government has now agreed to the text of a draft treaty for an immediate and total ban on such cluster bombs, with the exception of "smart" cluster munitions. Asked about this consent, affirmative answers added up to 74 PERCENT, with negative answers accounting for only 13 PERCENT, in a recent telephone-based nationwide public opinion survey conducted by the Mainichi Shimbun on June 14-15. Meanwhile, public opinion was split over the government's decision to forgo Japan's dispatch of Self-Defense Forces aircraft to China in the aftermath of a recent earthquake that devastated Sichuan Province. Answers also varied with ages.

In the survey, respondents were asked about the government's consent to the cluster ban treaty. In response to this question, affirmative answers came from 79 PERCENT of those who support the Fukuda

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cabinet and 78 PERCENT of those who do not support it. In addition, affirmative answers came from 80 PERCENT of those who support the ruling Liberal Democratic Party and also from those who support the leading opposition Democratic Party of Japan (Minshuto). These figures show that the general public is taking a favorable view of the government's consent to the treaty. Among men, "yes" to this question accounted for 82 PERCENT. Among women, it was 66 PERCENT.

The government has now forgone its dispatch of SDF aircraft to China on a relief mission for those affected by the Sichuan earthquake. In the survey, respondents were asked if they thought it was an appropriate judgment or it might have been better to send SDF aircraft. To this question, 48 PERCENT answered that it might have been better to send SDF aircraft, with 42 PERCENT saying it was an appropriate judgment.

"It would have been better" accounted for 70 PERCENT among those in their 20s. This figure, however, goes down in higher age brackets. It was 37 PERCENT among those aged 70 and over. Generations with war memories were cautious about dispatching SDF aircraft to China. "Appropriate" came from 44 PERCENT of those who support the Fukuda cabinet and also from 44 PERCENT of those who do not support it.

4) Gov't to forgo SDF legislation this fall

ASAHI (Page 4) (Full)
June 19, 2008

The government has decided to forgo presenting a bill to the Diet this fall for a permanent law that will allow Japan to send the Self-Defense Forces on overseas missions. The Antiterrorism Special Measures Law, under which the Maritime Self-Defense Force is currently tasked with a refueling mission in the Indian Ocean, is set to run out in January next year. The ruling Liberal Democratic Party therefore had a plan to enact a permanent law to continue the MSDF mission. However, the LDP's coalition partner, New Komeito, is cautious about the plan. The Diet is now divided with the ruling coalition holding a majority of the seats in its lower chamber and the opposition camp controlling its upper chamber. As it stands, the government judged that the legislation cannot be expected to clear the Diet.

"It's quite difficult to present the permanent legislation to the Diet at this fall's extraordinary session," Chief Cabinet Secretary Machimura told a news conference yesterday. "The ruling parties have studied the feasibility of this legislation," Machimura said. "But," he added, "it wouldn't be easy when we look at the opposition parties and the House of Councillors."

5) Survey team returns from Afghanistan

ASAHI (Page 4) (Full)
June 19, 2008

A survey mission made up mainly of personnel from the foreign and

defense ministries that the government had sent to local areas in Afghanistan to investigate the possibility of a Self-Defense Force dispatch returned to Japan on June 18. The team left Japan on June 8 and centering its travels to around the capital city of Kabul observed the activities of ISAF, the international security assistance force sent by NATO. In addition to Afghanistan itself, it

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also surveyed the airfield facility in neighboring Tajikistan that is being used by the U.S. forces. The government will now look into the possibility of air transport assistance to the multinational force through the use of Air Self-Defense Force transport aircraft and Ground Self-Defense Force helicopters.

6) North Korean vice minister requests visit to Pyongyang by U.S. secretary of state

MAINICHI (Page 1) (Full)
June 19, 2008

Shoji Nishioka, Beijing

North Korean Vice Foreign Minister Kim Kye Gwan requested during his meeting late last month with Assistant Secretary of State Christopher Hill, the U.S. chief negotiator in the six-party talks, that Secretary of State Condoleezza Rice visit the country, it was learned yesterday through information provided by a source connected to the six-party talks. North Korean appears to be motivated to make a visit by Secretary Rice a stepping stone to normalizing diplomatic ties with the United States.

The two chief negotiators met on May 27-28 in Beijing and exchanged views on such issues as North Korea's expected declaration of its nuclear programs and delisting the North as a state sponsor of terrorism.

Hill reportedly did not respond immediately to Kim's proposal that Secretary Rice visit the country.

7) Senior Foreign Ministry official says "progress" on the abduction front is when the reinvestigation starts

ASAHI (Page 4) (Excerpts)
June 19, 2008

A senior Foreign Ministry official yesterday commented on the reinvestigation of the abduction issue, as promised by North Korea: "We will regard 'progress' for the first time only when the North indicates its specific method (of reinvestigating) that is convincing to the Japanese side, and when that process begins."

In the bilateral talks that took place in Beijing on June 11-12, North Korea changed its stance of insisting that the abduction problem had been settled, and promised a reinvestigation that Japan had sought. But the senior official pointed out, "It is not enough by itself for North Korea to have changed its previous assertion."

8) Abe criticizes Yamasaki over North Korea

SANKEI (Page 5) (Abridged slightly)
June 19, 2008

Former Prime Minister Shinzo Abe of the Liberal Democratic Party delivered a speech at a Tokyo hotel on June 18. Touching on the fact that the Parliamentary League to Promote Diplomatic Normalization between Japan and North Korea, chaired by former LDP Vice President Taku Yamasaki, is calling for the removal of sanctions against North Korea and a shift to a dialogue policy, Abe said: "If lawmakers say something that is more lenient than what is said by government officials in talks, that would immensely harm the government's

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negotiating ability. That is worse than useless."

Further, in regard to the fact that Yamasaki described what Abe said as naive, the former prime minister slammed Yamasaki, saying, "(Mr. Yamasaki's) Japanese language ability is not good. It does no good and a lot of harm. Every lawmaker should act based on national interests."

Abe also sounded an alarm regarding the fact that Pyongyang in the recent Japan-DPRK working-level meeting announced a plan to conduct a reinvestigation in the issue of Japanese nationals abducted to the North, saying: "Japan has been duped by the North many times over. This time around, we must raise our guard so as not to repeat that mistake." Abe also warned Washington regarding its moves to delist the North as a state sponsor of terrorism, saying, "It might end up losing the leverage in addressing the abduction issue."

9) Japan, China reach agreement on joint development of gas fields

NIKKEI (Top play) (Excerpts)
June 19, 2008

The Japanese and Chinese governments have reached agreement on the pending issue of developing gas fields in the E. China Sea. Setting up a "joint-development zone" in the northern part of the sea that straddles the median line between Japan and China, the two sides will narrow down the drilling locations through joint exploration. Such aspects as the means of allocating earnings from the projects will be settled by negotiations. On the question of the Shirakaba (Chinese name: Chunxiao) oil field that a Chinese company has been developing independently, a Japanese corporation will provide financing and in this way, Japan will secure a certain amount of rights and interests in it. It has been four years since Japan protested China's development of gas fields in June 2004, but now the issue has been generally settled

Major points of agreement between Japan and China:

? Until boundary lines can be demarcated, Japan and China will cooperate without damaging their respective legal positions.

? A joint development zone will be established in the southern seas near Asunara (Chinese name: Longjing), Through joint exploration, locations will be selected for joint development.

? In accordance with Chinese law, a Chinese company will continue to develop the gas field of Shirakaba (Chinese name Chunxiao), with capital participation from a Japanese company.

? Talks will continue on the other gas fields in the sea so that joint development can be realized at an early date.

? Efforts will be made so that there will be an early signing of the necessary documents.

10) Japan, China agree on joint gas field development in East China Sea, giving priority to cooperation over profits

ASAHI (Page 6) (Excerpts)
June 19, 2008

Japan and China have reached a final agreement on gas exploration

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projects in the East China Sea, but a spate of issues, like economic sovereignty, have been left for future negotiations. Negotiations on Japan's concession rights for the Shirakaba (Chunxiao in Chinese) gas field also have yet to start. The two governments are trying to play up their friendship, but many barriers stand in the way of the joint development.

Question about profitability

"I hope (the East China Sea) will become an important energy source for both Japan and China," Minister of Economy, Trade and Industry Amari emphasized in a press conference yesterday.

Although experts point out that the amount of gas reserves in the

East China Sea is small, an executive of Teikoku Oil Co., which has concession rights near the Shirakaba gas field and other areas, said: "The total amount of reserves (in the East China Sea) might become one of the largest for Japan."

Teikoku Oil applied for concession rights in 1969, but the procedures had long been frozen given a dispute over demarcation between Japan and China. The company won the rights in 2005, but even after that, it had to wait for the start of negotiations between the two governments. The areas that are covered by the agreement yesterday are outside the reach of its rights, but President Masatoshi Sugioka issued this comment yesterday: "We would like to earnestly work out the details in future negotiations," indicating his strong interest in the joint-development projects.

As for the Chinese-operated Shirakaba gas field, the focus of attention is on who will invest in the Chinese companies involved in the project.

In addition to petroleum companies, such as Teikoku Oil, trading houses and government-affiliated institutes could be involved. For private firms, however, there is the problem of limited profitability, with a major oil company executive posing a question about profitability. Negotiators have also said that it will not pay.

To transport exploited natural gas to Japan, it is necessary to build a pipeline connecting the reserves and Kyushu or Okinawa with a massive investment. China has already started work to build a pipeline. A person in the oil industry said: "Even if Japan obtains concession rights, it will have no choice but to sell the product to China. China may buy it at the price it desires."

There is the possibility, however, that the agreement this time will become a major step toward the joint development of latent natural resources in the East China Sea.

Difficult negotiations expected on concession rights

Negotiations on concession rights will be a major hurdle for the two countries to launch joint development. China started resource exploitation in the East China Sea in the 1970s and 1980s and has steadily drilled test gas fields. Seen from the Chinese perspective, the joint development of the Shirakaba oil field means Japan's participation in China's project. Japan might be asked to pay a huge amount of money to gain concession rights for the gas field.

11) Containing criticism that China made concession to Japan a

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priority for Beijing

YOMIURI (Page 2) (Abridged)
June 19, 2008

Chinese Foreign Ministry spokeswoman Jiang Yu released yesterday a statement on a (Japan-China) agreement on the exploration of gas fields in the East China Sea saying that the results will serve the interests of the two countries and be beneficial for the stability of bilateral relations. It is extremely important for the Hu Jintao administration, which has shifted to a strategically and mutually beneficial policy course, to give the impression that it has not made concessions to Japan in order to minimize criticism at home.

Meanwhile, some 20 Chinese civic group members claiming China's sovereignty over the Senkaku (Diaoyu) Islands yesterday staged a demonstration in front of the Japanese Embassy in Beijing chanting, "Japan, get out of the East China Sea!" while holding a banner expressing opposition to the Japan-China agreement.

Messages opposing making concessions to Japan have begun to increase on Internet bulletin boards. In the event the agreement generates the impression that China has made a concession to Japan over the sovereignty issue, the Hu administration might come under fierce fire. At the same time, the administration might find itself under heavy pressure from former President Jiang Zemin and other elders,

leftists, and the military, who take a hard-line stance toward Japan.

Beijing, which puts high priority on domestic policy, has emphasized that the exploration of the Shirakaba gas field (Chunxiao in Chinese) has nothing to do with sovereignty. "We welcome the participation of Japanese companies under relevant Chinese laws," Jiang Yu said in the statement yesterday.

12) Japanese flag torched in anti-Japanese rally in Taiwan over Senkaku accident

YOMIURI (Page 2) (Abridged)
June 19, 2008

In the wake of an accident in which a Taiwanese sport-fishing boat sank after colliding with a Japan Coast Guard patrol boat in waters near the Senkaku Islands (known as Tiaoyutai in Taiwan), members of Hong Kong's Action Committee for Defending the Diaoyu Islands (ACDDI) and Taiwanese pro-China activists on June 18 staged a protest in front of the Interchange Association, Japan, (IAJ) Taipei Office, and burned a Japanese flag while shouting, "Japanese, get out of Tiaoyutai!"

The ACDDI members entered Taiwan in order to head for the Senkakus, but they gave up a demonstration at sea because they failed to find a fishing boat to get there. On June 12, fishermen also staged a protest in front of the IAJ office demanding an apology from the Japanese government. Meanwhile, the IAJ disseminated pamphlets to Japanese schools and other places urging Japanese nationals living in Taiwan to be alert to growing anti-Japanese sentiment. As if to fan anti-Japanese sentiment, a local assemblyman has begun calling for a boycott of Japanese products.

13) Taiwanese defense minister expresses willingness to send warships to Senkaku Islands

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YOMIURI (Page 2) (Abridged slightly)
June 19, 2008

According to Taiwan's Central News Agency, National Defense Minister Chen Chao-min announced on June 18 that he was willing to dispatch warships to Japanese territorial waters near the Senkaku Islands (known as Tiaoyutai in Taiwan), over which Taiwan has also claimed sovereignty, if needed. Chen was responding to question from a Kuomintang lawmaker taking a hard-line stance toward Japan at the national assembly.

Chen indicated that in the event there was a request for assistance from Taiwan Coast Guard patrol boats in accordance with an agreement between the coast guard and the defense ministry, Taiwanese warships should head for (Japanese territorial waters near the Senkakus) to provide assistance.

The administration of President Ma Ying-jeou considered sending warships to waters near the Senkakus this week but called off the plan, saying that it would put high priority on a peaceful settlement through dialogue. Ma also said on June 17, "We must take action when necessary, and we will defend our territory and sovereignty with all our might." The Taiwanese president clearly remains hard-edged toward Japan over the issue.

14) Diet poll: 80 PERCENT opposed to curbing social security spending

TOKYO SHIMBUN (Page 1) (Abridged)
June 19, 2008

The government plans to annually constrain 220 billion yen in the growth of spending on social security, including medical and nursing care services. The Tokyo Shimbun conducted an urgent questionnaire survey of all lawmakers in the Diet over the advisability of curbing social security spending and what to do about funding resources. There were answers from 157 lawmakers. Among them, 136 legislators

(87 PERCENT) were opposed to the government's plan to continue holding down the growth of social security spending. In Japan, medical services are collapsing, and nursing care services in particular are on the decline. Most of those who responded to the survey said the government should review its plan to hold down social security spending.

In the breakdown of those who responded to the urgent survey, there were answers from 110 lawmakers from the opposition parties or who are independents. They were all opposed to the government's plan to hold down social security spending. Meanwhile, there were answers from 39 lawmakers belonging to the ruling Liberal Democratic Party. Among these LDP lawmakers, 19 persons supported the government's plan, with 20 saying they are against it. In the case of New Komeito as the LDP's coalition partner, there were answers from eight of its lawmakers. Among them, six persons were opposed to holding down social security spending. As seen from these figures, the two ruling parties were also divided in opinion.

The questionnaire was sent to all 722 lawmakers in the Diet, and 565 persons did not respond. The response rate was 22 PERCENT .

15) LDP fiercely opposing spending cut policy of basic policy guidelines out of sense of crisis concerning next Lower House

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election

MAINICHI (Page 2) (Abridged slightly)
June 19, 2008

The government has drafted basic policy guidelines on economic and fiscal management and structural reforms for the fiscal 2008 national budget. Many Liberal Democratic Party (LDP) members yesterday, June 18, called for revising the spending cut policy included in the draft. Behind the call for increased spending is a sense of crisis concerning the next Lower House election. A tug-of-war between the Prime Minister's Official Residence (Kantei) and the LDP over the issue of whether to keep fiscal discipline firm or to boost expenditures has moved into full swing with the LDP motivated by the desire to regain leadership over budget compilation, after a period under the Koizumi administration when the Kantei was in charge.

The LDP on the 18th held a plenary session of the Policy Research Council. The session lasted for three hours. More than 30 lawmakers participating in the session held a microphone one after another and voiced their opposition to the spending cut policy. Only two supported the proposal for keeping fiscal discipline firm. Participants loudly expressed their disgruntlement with the draft, which clarifies the need for maximum spending cuts both at the central and local government levels.

A Land, Infrastructure and Transport Division-related meeting then followed. Participants even mapped out a resolution seeking a revision of the 3 PERCENT cut in public works stipulated in the draft. Moves to water down the spending cut policy line during the Fukuda administration have become visible in one sweep.

Prime Minister Fukuda on the 17th hinted at his stance that it would be unavoidable to raise the sales tax, flaring up intraparty arguments.

Former Home Affairs Minister Takeshi Noda and Hiroyuki Sonoda, senior deputy chairman of the Policy Research Council, gave a high score to the prime minister's remark at a study meeting hosted by former Chief Cabinet Secretary Kaoru Yosano. They said that the prime minister's remark was appropriate. Participants in the meeting included many lawmakers in favor of hiking the consumption tax. Yosano told reporters after the meeting, "The prime minister's remark is reasonable in view of the LDP's past commitment as well."

On the other hand, former Secretary General Tsutomu Takebe, chairman of the Fresh Wind, an intraparty group mainly joined by junior lawmakers, fiercely checked the argument calling for a hike in the consumption tax, underscoring, "It is not possible to hike the

consumption tax amid a series of scandals, including the arrests of staff members of the Hokkaido Development Bureau." Yuji Tsushima, chairman of the Tsushima faction, who serves as the party's Tax System Research Commission, at his faction's staff meeting reminded, "It would be better if the prime minister comes up with many policy proposals without thinking about the tax code."

Regarding his consumption tax statement, the prime minister on the evening of the same day told reporters, "First things first. We must boil down various policy proposals and work out fiscal resources to finance those proposals. Whether to hike the consumption tax or not is the issue to be discussed after that." He thus tried to put the

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situation to rest.

16) LDP Fiscal Reform Study Group Chairman Sonoda hopes to see 10 PERCENT consumption tax next fall: Rate on food to be reduced

MAINICHI (Page 2) (Excerpts)
June 19, 2008

Hiroyuki Sonoda, senior deputy chairman of the Liberal Democratic Party's (LDP) Policy Research Council and the chairman of the LDP Fiscal Reform Study Council during an interview with the Mainichi Shimbun said, "We want to finalize a package of proposals including when to hike the consumption tax and the margin of the hike, based on a debate on the tax code this fall, and make it the party's manifesto." He thus clarified his stance that a concrete consumption tax hike proposal should be incorporated in tax code revision guidelines the ruling parties will finalize at year's end.

Regarding Prime Minister Yasuo Fukuda's statement that now is the time to decide on a consumption tax hike, Sonoda indicated his perception that the government would accelerate discussions on a consumption tax hike discussion, saying, "The prime minister's statement will have a major impact on tax code reform discussions."

Concerning the timeline for raising the consumption tax and the margin of the hike, Sonoda said, "We want to raise the tax to 10 PERCENT as early as October 2009, if we can obtain the understanding of the people." He made that remark in view of the fact that raising the state contribution to the basic pension in fiscal 2009 will require 2.3 trillion yen. At the same time, he said that reduced rates would be applied to such items as food.

17) DPJ to include postal privatization review in campaign pledges in consideration of JPGU, PNP

YOMIURI (Page 4) (Full)
June 19, 2008

The Democratic Party of Japan's (DPJ) Deputy President Naoto Kan yesterday revealed that his party would include a policy of reviewing the postal privatization program in a set of campaign pledges (manifesto) for the next House of Representatives election, expecting support from the Japan Postal Group Union (JPGU). The largest opposition party also appears to be giving consideration to the People's New Party (PNP), which was founded in opposition to postal privatization. However, since there is a cautious view about the policy in the DPJ, internal coordination is expected to stall.

Kan attended the JPGU's first national convention held yesterday in Sapporo. Kan said in a speech: "My party has to start working on a new manifesto. We want to do our best in reviewing the postal privatization program, while hearing your views and consulting with the PNP." He then asked for their support for his party (in the next Lower House election), saying: "We wish the JPGU to achieve its goal of having a membership of 300,000, and we will rely on you in the next Lower House election."

The Japan Postal Workers' Union (JPU) and the All Japan Postal Labor Union merged last October into the JPGU with a membership of about 224,000, the largest labor union in Japan. The JPGU is one of the organizations, with which the DPJ wants to step up its ties.

For the largest opposition party, cooperation with the PNP is also important for the coalition of opposition parties in the Diet. The DPJ and PNP jointly presented a bill revising the postal privatization program to the House of Councillors last October, which was the PNP's condition to form a coalition in the Upper House. The Upper House adopted the bill last December. The PNP has urged the DPJ to incorporate a pledge to review postal privatization in its manifesto for the next Lower House election. PNP Deputy Chief Shizuka Kamei said: "DPJ President Ichiro Ozawa promised to include it in the manifesto."

Following Kan's remark, PNP Chief Tamiyuki Watanuki commented: "There is a possibility that the postal privatization program will be revised (if the opposition gains a majority in the Lower House) like the Upper House in the next Lower House election." Some say that many DPJ lawmakers favor postal privatization. A mid-level member expressed concern saying: "A review of the postal privatization program will have a negative impact on our party in the Lower House election."

18) DPJ President Ozawa making round of visits to regional areas: Last resort for next Lower House election is Rengo

MAINICHI (Page 5) (Excerpts)
June 19, 2008

Democratic Party of Japan (DPJ or Minshuto) President Ichiro Ozawa will be frequently visiting regional areas this month in the run-up to an anticipated next Lower House election. He is focusing on strengthening ties with the Japanese Trade Union Confederation (Rengo), the party's largest support organization, instead of just making street-corner speeches. He is determined to make the trade organization the DPJ's "sincere friend," by cozying up to labor leaders, even by setting up wining and dining sessions as a venue for exchanging views, according to an informed source.

Ozawa on June 18 made a speech in front of about 30 participants in an opinion exchange meeting with the Rengo Local of Oita: "The DPJ is still a new organization. We would like to have help from Rengo members throughout the nation. I appreciate your responding to our request with readiness."

The membership of Rengo is approximately 6.6 million as of 2007, down 16 PERCENT in comparison with the peak year of 1994, according to a survey by the Ministry of Health, Labor and Welfare. Some say that the organization's influence over its members' voting behavior has declined. Some veteran lawmakers are skeptical about Rengo's vote-gathering power, with one noting, "Rengo votes are nothing great." However, Ozawa has softly opposed those veteran lawmakers, saying: "Our junior members do not have their own organizations. Rengo is the only organization that works for them most devotedly at a crucial moment."

In his round of visits to regional areas, Ozawa holds exchanges of views with senior members of Rengo's local branches to hear their policy requests and situations in their constituencies, followed by a press conference and then a dinner meeting. He occasionally inspects various facilities. However, he is no longer giving sidewalk speeches to directly appeal his policy stance to voters.

19) Some Lower House members considering forming parliamentary group with eye on next Lower House election

YOMIURI (Page 5) (Full)
June 19, 2008

A plan to form a parliamentary group in the House of Representatives has emerged among the People's New Party (PNP), the New Party Daichi and some conservative lawmakers. The aim is to secure a casting vote in case the ruling and opposition camps are dead even in the next

Lower House election. They are expected to form a group of a dozen or so. Five Lower House members -- PNP President Tamisuke Watanuki, New Party Daichi leader Muneo Suzuki, independent lawmaker Takeo Hiranuma, who is a former trade minister, former Minister of Construction Kishiro Nakamura, and Mikio Shimoji held a meeting last night at a Japanese restaurant in Tokyo. The five confirmed that they would strengthen cooperation with an eye on forming a coalition. The five and PNP Secretary General Hisaoki Kamei have regularly held meetings.

In the Lower House, the four PNP members, Hosei Norota, independent and former agriculture minister, and Shimoji have formed a group called "PNP, Sozo and Mushozoku." The group will expand if Suzuki and Nakamura join. A person close to Hiranuma said: "(Hiranuma) has no intention to take part in any parliamentary group," since he has mentioned the possibility of forming his own new party before the Lower House election.

SCHIEFFER